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Turks and Caicos Islands

Working paper prepared by the Secretariat

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I. General

1. The Territory of the Turks and Caicos Islands[1] is the largest of the dependent Caribbean territories of the United Kingdom of Great Britain and Northern Ireland, comprising 40 islands and cays. These islands form the south-eastern extremity of the Bahamas chain and lie 145 kilometres north of Haiti and the Dominican Republic and 925 km south-east of Miami, United States of America. The islands and cays are split into two groups by a deep water channel, with a total land area of 500 square kilometres. Of these islands, only six are permanently inhabited: Grand Turk, where the capital, Cockburn Town, is located; Salt Cay; South Caicos; Middle Caicos; North Caicos and Providenciales. In addition, there are a number of hotel developments and holiday homes on smaller cays. Limited rainfall, coupled with poor soils and a limestone base, restrict the possibilities for agricultural development. The islands have important wetland and reef habitats and provide a home for 14 endemic plants and reptiles.

2. The islands are sparsely inhabited. The total population of the Territory is estimated to be around 20,000, and the population density is approximately 34 persons per square kilometre. Most of the population resides on the two principal islands, Grand Turk, which is the administrative capital, and Providenciales, which is the business centre of the islands. Other populated islands are South Caicos, with 10.5 per cent of the total population; North Caicos, with 11.1 per cent; Middle Caicos, with 2.3 per cent; and Salt Cay, with 1.8 per cent of the population.[2] It is estimated that foreigners, especially from Haiti and the Dominican Republic, make up 50 per cent of the population. Most of the people are of African descent, the rest being mixed or of European origin. English is the main language, with some Creole spoken by Haitian immigrants. The religion is Christianity; the Anglican Communion predominates. Education is compulsory between the ages of 5 and 14, and is provided free in 10 primary schools and 4 secondary schools run by the Government.

II. Constitutional, legal and political developments

3. The Turks and Caicos Islands are described as "an internal self-governing Overseas Territory with a ministerial system of government" by the administering Power, the United Kingdom. Under the provisions of the 1976 Constitution amended in 1988, executive power is vested in the Governor, appointed by the Queen. The Constitution also provides for an Executive Council and a Legislative Council. The Governor is responsible for foreign affairs, internal security, defence, the appointment of public officers, offshore finance and certain other matters, but is otherwise normally required to act on the advice of the Executive Council. The Executive Council consists of the Governor, six elected members of the Legislative Council and two official members (Chief Secretary and Attorney General). The Legislative Council consists of 19 members. There are 13 representatives elected by popular vote, 3 appointed by the Governor and 3 ex officio members of the Executive Council. There are two main political parties, the People's Democratic Movement, which was re-elected as the ruling party with Derek Taylor as the Chief Minister, and the Progressive National Party, which was defeated in 1995. Parliamentary elections are held at intervals of not more than four years. The most recent general election was held on 4 March 1999; however, it barely altered the elected composition of the Legislative Council from the January 1995 poll.

4. In September 1996, Governor Martin Bourke finished his term and returned to the United Kingdom, thus ending the controversy that had led to a unanimous demand on the part of the ruling and opposition parties of the Territory addressed to the administering Power to recall him (for details, see A/AC.109/2051, para. 3). He was replaced by John Kelley, formerly Deputy Governor of Bermuda.

5. The legal system, based on English Common law, includes a Supreme Court and a Court of Appeal, and has provision for appeal to the Privy Council in London. The Attorney General and Chief Justice are currently United Kingdom technical cooperation officers, as are the Senior Crown Counsel, the Legal Draftsman, the Deputy Commissioner of Police and the Head of the Criminal Investigation Division. The Police Development Project will support the provision of a further two technical cooperation officers; an Assistant Commissioner of Police and a Financial Crimes Investigation Officer.

6. Royal Navy and Royal Air Force attachments to the Police Force have enhanced the Turks and Caicos Islands' ability to combat drug trafficking. The Islands enjoy close cooperation with the United States and Bahamian narcotics agencies under an agreement extended to the Turks and Caicos Islands in 1990, thus allowing for combined United States/Turks and Caicos Islands/Bahamas interdiction operations. In one operation in February 1998, the Turks and Caicos Islands authorities seized over two tonnes of cocaine.

7. The Turks and Caicos Islands lie directly in the path of Haitian boat people attempting to reach the United States

or the Bahamas. As a result, many have arrived illegally in the territory in recent years (having also been attracted by employment opportunities on fast-developing Providenciales). A 15-month long programme to repatriate them voluntarily or regularize their stay, under the auspices of the International Organization for Migration and with assistance from the Office of the United Nations High Commissioner for Refugees, began in January 1997. This programme provided for the processing of approximately 1,000 migrants who qualified for permanent residence in the Turks and Caicos Islands, and assisted some 3,500 with their return to and reintegration into Haiti. The immigration authorities have tightened the regulations governing the migrant workforce.

8. In March 1999, the Government of the United Kingdom issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity — Britain and the Overseas Territories". The text of the White Paper is set out in the annex to document A/AC.109/1999/1. Key recommendations can be found in paragraph 37 of the present paper.

III. Economic conditions

A. General

9. The economy of the Turks and Caicos Islands, as noted in appendix 1 to the White Paper mentioned above, is based primarily on tourism and offshore finance. The opening of a Club Méditerranée village on Providenciales at the end of 1983 and the accompanying provision of an international airport under the United Kingdom's aid programme gave the Islands a considerable boost. Tourist arrivals in 1997/98 fell just short of 100,000. Revenue from the offshore financial services sector increased from $3.33 million in 1996/97 to $6.79 million in 1997/1998 and currently represents 10 per cent of the gross domestic product (GDP).

10. In 1997/98, the economy grew at a 5 per cent rate with a GDP at $120 million, an increase from $102.5 million in 1996. The estimated GDP per capita for 1998 is $6,000. With heightened investment interest in the Turks and Caicos Islands, it is expected that this level of growth will continue for the foreseeable future. Foreign investors, mainly from Canada, the United Kingdom and the United States, play a significant role in the Islands' economic life. The main areas of private investment are tourism property development, real estate, international finance and fishing, focused on the island of Providenciales.

11. The traditional economic activity, salt production, ceased in 1964. For the next two decades, the economy depended on fishing, some tourism and government employment. Agriculture is almost non-existent. Practically all consumer goods and most foodstuffs are imported. Natural resources are limited and even water has to be strictly conserved. In the 1960s and 1970s, thousands migrated to nearby Bahamas and the United States to seek work. This trend has now been reversed as the economy has improved. The increasing emphasis on the service sector has its drawbacks. Owing to the competitive nature of the global market for both tourism and offshore finance and the dependence on growth in developed countries, the Turks and Caicos Islands are increasingly vulnerable to fluctuations in the international economy.

B. Public finance

12. In addition to attracting offshore investors as a means of stimulating private sector activity, the Government has embarked on an aggressive programme to strengthen financial management in the public sector, improve the productivity of the civil service, reduce the rate of growth in government spending, improve the efficiency of State-owned corporations and enhance revenue collection efforts.

13. According to information provided by the administering Power, economic growth averaged 5 per cent over the past five years. The Government's fiscal position improved over the same period, with recurrent revenue increasing by over 50 per cent. Public sector recurrent expenditure also increased, but not as strongly as recurrent revenue and the Government therefore enjoyed a growing current account surplus each of the last three fiscal years. Government revenues during 1997/1998 were $46.98 million, and expenditures $38.82 million. However, some of this surplus was due to windfall receipts in land-related transactions, which are not anticipated to continue to be a source of revenue for the budget. For the period 1998/1999 (to March 1999), recurrent revenues are estimated to be $44.59 million and recurrent expenditures $46.90 million.

14. The Government's capital budget estimates form the basis of the public sector investment programme, which is financed through the Development Fund. The Fund was established for the purpose of receiving such monies as may be appropriated annually from the Consolidated Fund, together with other monies received from external donors. In 1997/98, the following budget contributions were provided for: $315,000 for capital development items and

$105,000 for disaster recovery projects. In the 1998/99 budget, a contribution of $443,000 is provided for.

15. External donors include the Government of the United Kingdom, whose funds are administered through the Dependent Territories Regional Secretariat, the Caribbean Development Bank, the European Union and the United Nations Development Programme (UNDP).

C. Public service

16. According to information provided by the administering Power, the Government is committed to developing a cadre of highly professional, self-confident, and highly motivated Turks and Caicos Islanders for the civil service. Ongoing reforms include a review of pay and grade structures, new guidelines and an increased emphasis on training. Particular areas of its attention were law and order, education and health. In 1997/98, there were a total of 1,212 people employed by the territorial Government.

D. Offshore financial services

17. One area of growth has been offshore finance. Over 14,000 offshore companies were registered by 1997. There is no income tax, no company tax, no exchange control and no restriction on the nationality or residence of shareholders or directors. New legislation and the Offshore Finance Centre Unit have been designed to regulate and promote the growth of offshore finance and encourage banking, insurance and trust companies. Five international banks have been granted offshore licences and some 2,000 offshore insurance companies have been licensed. Government revenue from offshore financial services was over$6 million in 1997/98.[3]

18. Constitutional responsibility for the Turks and Caicos Islands' offshore finance sector rests with the Governor. Offshore finance is the Turks and Caicos Islands second largest source of external revenue, after tourism. The mainstays of the industry are trusts and insurance companies. Seven banks are licensed to operate in the Turks and Caicos Islands. The United Kingdom Technical Cooperation Programme currently supports the sector through the provision of the Superintendent and the Deputy Superintendent of the Financial Services Commission.

19. Among the attractions for offshore companies are the use of the United States dollar as the official currency, the absence of direct taxation, a growing financial infrastructure, fast and straightforward company registration procedures, extensive financial freedom and confidentiality.

E. Agriculture and fisheries

20. Agricultural production is small and concentrated in North Caicos. The sector has begun to grow recently, with more produce available for sale in Providenciales and the establishment of a new farmers' cooperative. In the 1998/99 budget, the territorial Government set aside funds for a comprehensive agriculture project for North and Middle Caicos, designed to grow food for sale to the tourism sector. The Government plans to designate land for agricultural development, provide these areas with an infrastructure, assist with their improvement and work with international donor agencies to provide the services of a full-time agronomist.

21. Fishing is a traditional activity and the only significant productive sector. Conch and lobster are the main catches. The Turks and Caicos Islands is home to the world's only commercial conch farm, raising domestic conch for export. The firm, Caicos Conch Farm, has been conducting research for the past decade and has been operating as a full commercial activity since 1997. Several other fish farms are being developed on an experimental basis to produce tilapia for international markets.[4]

F. Tourism

22. The territorial Government's "Strategic development plan for tourism", which sets out a strategy for development of sustainable tourism on the Turks and Caicos Islands, will soon be completed. The Turks and Caicos Islands' tourism sector continues to record one of the fastest growth rates in the entire Caribbean and annual visitor arrivals are expected to exceed 100,000 in the coming year.

23. The expansion of the hotel industry has continued. In accordance with the territorial Government's commitment to promoting the economic development of all the Islands, the Government has promoted development projects on South Caicos, North Caicos, East Caicos and Middle Caicos. In addition, the Government has signed a development agreement for the Grand Turk Harbour Project as well as several new projects on Providenciales.

24. The territorial Government completed the construction of a new airport terminal in Providenciales and American Airlines has increased the number of regularly scheduled flights from nine per week to two per day year round.

IV. Social conditions

A. General

25. The expansion in the tourism and offshore finance sector has resulted in favourable economic growth, but activities in that area are concentrated almost totally on one island, Providenciales. Thus, economic opportunities are not equally distributed among the islands. Unemployment varies between 14 and 20 per cent on the other islands, while Providenciales boasts almost full employment. Inter-island migration is common, particularly migration to Grand Turk, the capital. A number of social problems, such as overcrowding, housing shortages and an increase in the number of female-headed households, have resulted from this skewed pattern of development.[5]

26. In recognition of this issue, in the 1998//99 budget presentation, the Chief Minister stated:

> "Our Islands are experiencing an extreme form of uneven development. This has resulted in new, and exacerbated a number of existing, socio-economic challenges for the country. Key among these is the need to address the social and economic problems resulting from the unbalanced pattern of development occurring in the Turks and Caicos Islands, to develop the education and health sectors to ensure that Turks and Caicos Islanders become active participants in the Islands' development, and the requirement for timely provision of essential infrastructure to give *all* the Islands an opportunity to develop in their own right."[6]

27. In 1997/98, the territorial Government adopted a national housing policy. The first project to be implemented under this policy is the Shelter Development project, which was designed to address housing difficulties experienced by low-income Turks and Caicos Islanders. This project includes infrastructure improvements in designated areas of Five Cays, Providenciales, and the establishment of a special mortgage programme for the renovation and extension of the homes of people in the target income group.

B. Education

28. Education in the Territory is free and compulsory for children between 5 and 16 years of age. There are 14 government-run primary schools and 4 government-run secondary schools. The adult literacy rate is 98 per cent.[7] The pupil-teacher ratio averages 25:1. The overall goal of the sector is to prepare the population for employment opportunities that will arise as the pace of development increases.[8] According to information provided by the administering Power, the Government of the Territory continues to work towards improving the education sector, with concentration on staff training and a successful drug awareness programme sponsored by the United Nations International Drug Control Programme. Changing enrolment patterns, in particular the growth in the number of students on Providenciales, remains a key concern of the education sector. More than $10 million is planned for investments in the education sector over the next several years; these will include improvements in infrastructure, training, and planning and management reforms, as well as the commencement of a national literacy programme.

29. Total student enrolment at the community college continues to grow and the territorial Government has allocated an additional $150,000 for its 1998/99 budget.

C. Health

30. Basic health care is available on the islands through a network of primary health care clinics and one hospital, located on Grand Turk, the capital island. The Government has sought to address infrastructure needs, especially on the island of Providenciales, which has a high population growth rate.[9]

31. According to information provided by the administering Power, the 1998/99 budget provides for additional funding for improved patient care at the Grand Turk Hospital and $101,000 for AIDS-related programmes. Other health-related projects include the purchase of new medical, dental and laboratory equipment and supplies and the introduction of a management information system for the medical department.

D. Environment

32. The press reports that a $1.6 million grant from the administering Power will be used to facilitate the implementation of the territorial Government's coastal resource management project. This project will support the National Parks Service, help construct a national environmental centre on Providenciales, and fund awareness programmes to educate the public on the benefits of the national parks. It is also intended to address the degradation of the natural resources caused by increases in population pressure and tourist arrivals.[10]

V. Participation in international organizations and arrangements

33. The Turks and Caicos Islands were admitted as an associate member of the Caribbean Community (CARICOM) in July 1991.

34. UNDP assistance continues under a new 1998–2003 Country Programme. Areas of emphasis for the new programme include technical assistance in excess of $780,000 for small enterprise development, the National Integrated Development Plan, and the reintroduction of the United Nations Volunteers programme. According to the territorial Government, these core programmes are designed to utilize the comparative advantage of the United Nations system to promote entrepreneurial development among Turks and Caicos Islanders and enhance the development planning process in the country.

VI. Future status of the Territory

A. Position of the territorial Power

35. As cited in the most recent resolution of the General Assembly on the Turks and Caicos Islands (see below), the representatives of the Turks and Caicos Islands said in 1997 that there was a lack of adequate visible development of the process of self-determination in the Territory. They stated that there was the political will on the part of the territorial leaders for a more advanced Constitution which would enable an orderly transfer of power to the people of the Turks and Caicos Islands. They said that the administering Power should accelerate the process of equipping and preparing the people of the Territory to evaluate properly the available options of self-determination and, with that in view, emphasized that the advancement of the political, economic, social and educational institutions in the Territory was of paramount importance.[11]

36. In the 1998/99 budget presentation, the Chief Minister of the Turks and Caicos Islands acknowledged the United Kingdom White Paper mentioned above in connection with development aid: "Whilst we welcome the new United Kingdom Government's White Paper on development and the outcome of the recent London meetings, we remain concerned that too many delays have affected the bilateral aid programme."

B. Position of the administering Power

37. Key recommendations of the administering Power are noted below:

(a) In future the Territories would be known as the United Kingdom Overseas Territories, in short Overseas Territories;

(b) British citizenship (and so the right of abode) would be offered to those people of the Overseas Territories who did not already enjoy it and who met certain conditions;

(c) Those who did not want to take it up would be able to remain British Dependent Territories citizens;

(d) British Overseas Citizens would not be included in this offer, nor would it apply to people who owed their British Dependent Territories citizenship to links with the British Indian Ocean Territory or with Sovereign Bases on Cyprus;

(e) The offer of citizenship would be on a non-reciprocal basis (as far as the right of abode is concerned). No conditional links have been made between the offer and other obligations set out in the White Paper;

(f) Administrative and representational arrangements would include:

(i) The establishment of parallel Overseas Territories structures in the Foreign and Commonwealth Office and the Department for International Development;

(ii) The appointment of Baroness Symons as Minister with responsibility for the Overseas Territories;

(iii) The creation of an Overseas Territories Consultative Council to bring together British Ministers and the Chief Ministers of the Overseas Territories or their equivalents;

(iv) The designation of a First Secretary in the office of the Permanent Representative of the United Kingdom to the European Union as the point of contact for the Overseas Territories with the European Union;

(g) In terms of good governance, provision would be made for:

(i) Improved regulation of the financial service industries in the Overseas Territories to meet internationally acceptable standards and to combat financial crime and regulatory abuse;

(ii) Measures to promote greater cooperation with international regulators and law enforcers so as to share information and improve worldwide financial regulation;

(iii) Enhanced measures to combat drug trafficking and drug-related crime;

(iv) Reform of local legislation in some Territories to comply with the same standards of human rights as those existing in the United Kingdom with regard to capital punishment, judicial corporal punishment and consensual homosexual acts. If local action is not taken Her Majesty's Government would enforce the necessary changes;

(h) Measures for sustainable development would include:

(i) Partnership between Her Majesty's Government and the Overseas Territories to promote economic growth and self-sufficiency;

(ii) Confirmation that the reasonable assistance needs of the Overseas Territories would be a priority in the development programme;

(iii) Continued budgetary aid for Montserrat and St. Helena;

(iv) Strengthened procedures and guidelines on borrowing by the Overseas Territories;

(v) Enhanced policies, legislation and standards for the protection and management of the rich natural environment of the Territories;

(vi) Increased funds (£1.5 million over three years) to assist in creating and implementing integrated environmental programmes;

(vii) Agreement of an environmental charter between the United Kingdom and the Overseas Territories;

(viii) Technical support, training and cooperative schemes to build local capacity to manage and monitor the environment.

C. Consideration by the General Assembly

38. On 24 February 1999, the General Assembly adopted resolution 43/67 A, a consolidated resolution on 11 Non-Self-Governing Territories, section X of which is specifically devoted to the Turks and Caicos Islands.

Notes

[1] The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations on 20 May 1999.

[2] See DP/CCF/TCI/1, paragraph 3.

[3] *The Island Connoisseur*, Turk and Caicos Islands, Government and economy (www.islandconnoisseur.com/turks/govern.htm).

[4] *1998 Caribbean Basin Profile*, p. 426.

[5] Ibid., para. 6.

[6] Statement on the 1998/99 budget address by the Chief Minister of the Turks and Caicos Islands on 19 March 1998.

[7] *1998 Caribbean Basin Profile*, p. 427.

[8] Ibid., para. 8.

[9] Ibid.

[10] *Turks and Caicos Weekly News*, 23–31 October 1998.

[11] See A/AC.109/2089, para. 29.